



# COUNTY OF LOS ANGELES

## DEPARTMENT OF PUBLIC WORKS

*"To Enrich Lives Through Effective and Caring Service"*

900 SOUTH FREMONT AVENUE  
ALHAMBRA, CALIFORNIA 91803-1331  
Telephone: (626) 458-5100  
<http://dpw.lacounty.gov>

**GAIL FARBER, Director**

ADDRESS ALL CORRESPONDENCE TO:  
P.O. BOX 1460  
ALHAMBRA, CALIFORNIA 91802-1460

June 29, 2010

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

## ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

#41 JUNE 29, 2010

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

**BUS STOP SHELTER PROGRAM  
LICENSE AGREEMENT NO. 63885-AMENDMENT NO. 6  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

### SUBJECT

Authorize the Director of Public Works or her designee to execute an amendment to Agreement No. 63885 with Clear Channel Outdoor, Inc., for the Los Angeles County Bus Stop Shelter Program to extend the duration of the agreement on a month-to-month basis for up to 24 months.

### **IT IS RECOMMENDED THAT YOUR BOARD:**

1. Find that this project is categorically exempt from the provisions of the California Environmental Quality Act.
2. Approve the continuation of the bus stop shelter program utilizing Clear Channel Outdoor, Inc., to maintain the advertising bus stop shelters in various locations of the unincorporated County of Los Angeles.
3. Approve amending Agreement No. 63885 with Clear Channel Outdoor, Inc., located in Los Angeles, California, for the Los Angeles County Bus Stop Shelter Program to enable this agreement to continue on a month-to-month basis for up to 24 months starting March 11, 2011.
4. Authorize the Director of Public Works or her designee to execute an amendment; renew the contract on a month-to-month basis for each month if, in the opinion of the Director of Public Works or her designee, the contractor has successfully performed the work during the previous month and the services are still required; suspend work if, in the opinion of the Director of Public Works or her

designee, it is in the best interest of the County of Los Angeles to do so; and approve and execute amendments to incorporate necessary changes within the agreement.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of the recommended action is to authorize the Director of Public Works or her designee to execute and amend Agreement No. 63885, in a form approved by County Counsel, with Clear Channel Outdoor, Inc. (Clear Channel), for the Los Angeles County Bus Stop Shelter Program to extend the duration of the agreement on a month-to-month basis for up to 24 months. The amendment will enable Clear Channel to continue maintaining the existing advertising bus stop shelters so that the County of Los Angeles (County) Department of Public Works (Public Works) may pursue a replacement contract for the Advertising Bus Stop Shelters and Amenities Program at a future time when more favorable economic conditions prevail in the advertising business to support this program.

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan directs the provisions of Operational Effectiveness (Goal 1) and Community and Municipal Services (Goal 3). Providing advertising bus stop shelters to protect transit patrons from inclement weather and to provide a comfortable location while they wait for a bus helps to improve the quality of life of our transit patrons at no cost to the County.

### **FISCAL IMPACT/FINANCING**

Clear Channel performs maintenance of advertising bus stop shelters at various locations throughout the unincorporated County areas at no cost to the County. The County annually receives 15 percent of the gross advertising revenue less agency sales commission, with a guaranteed annual minimum payment of \$100,000. Since the bus stop shelters are located in road right of way, the revenue is deposited in the Road Fund. A portion of the revenue generated from this license agreement is used to administer the program, and any remaining funds are used to operate and maintain existing road infrastructure.

Additionally, Clear Channel is required to pay the County a Possessory Interest Tax of 1.2608 percent of the assessed value of the bus stop shelters. Currently, the annual Possessory Interest Tax is estimated to be \$4,900, and Clear Channel will be assessed on the same date as other property taxes are billed. It will continue to be assessed for current and future year taxes associated with this amendment. These tax receipts will be deposited in the County General Fund.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The amendment will generally continue the contract's current terms, specifications, and conditions for up to an additional 24 months. In addition, the provisions for the Defaulted Property Tax Reduction Program (Los Angeles County Code 2.206) have been incorporated in the amendment. The Director, in accordance with the Board's authorization and only upon proper execution by the contractor and approval as to form by County Counsel, will execute the amendment.

On March 15, 1983, the Board approved a program to install bus stop shelters at various locations throughout the unincorporated County areas. On June 19, 1990, the Board authorized the Director to negotiate and arrange for a License Agreement with Metro Display Advertising, Inc., dba Bustop

Shelters of California, Inc., to install and maintain approximately 280 bus stop shelters in unincorporated County areas. The Board approved the ten-year agreement, Agreement No. 63885, on September 10, 1990. On October 19, 1999, the Board approved Amendment No. 1 to this agreement. Amendment No. 1 authorized the installation of up to an additional 500 shelters, modified the revenue to be paid by Metro Display Advertising, Inc., to be the greater of \$100,000 per year or 15 percent of the gross advertising revenues less agency commission, and authorized the Director to implement a five-year extension of the agreement effective September 11, 2000. On September 6, 2005, August 29, 2006, and August 7, 2007, the Board approved Amendment Nos. 2, 3, and 4, respectively, to this agreement. Amendment Nos. 2, 3, and 4 each provided for a 12-month continuation of the agreement on a month-to-month basis while Public Works proceeded with the solicitation process for a replacement agreement to provide for the Advertising Bus Stop Shelter Program.

Metro Display Advertising, Inc., is now doing business as Clear Channel. They currently operate and maintain 315 advertising bus stop shelters in unincorporated areas of the County. Many of these shelters were installed over ten years ago and Public Works would like to have them modernized.

On May 1, 2008, Public Works issued a Request for Proposals (RFP) to maintain and replace all existing advertising bus stop shelters. The one proposal received was disqualified due to nonresponsiveness. On August 12, 2008, Agenda Item 31, the Board approved Amendment No. 5 to the agreement with Clear Channel to extend the contract terms on a month-to-month basis for 30 months from September 11, 2008, to March 10, 2011. The 30-month period was to provide the necessary time for Public Works to resolicit the program, select a successor licensee, and provide a transition period for Clear Channel to remove its advertising bus stop shelters, with minimal impact on the public, prior to the installation of shelters by the new licensee.

On August 12, 2008, Public Works issued another RFP to solicit proposals to maintain and replace the existing advertising bus stop shelters. Public Works received one proposal. Public Works staff evaluated the proposal and determined that it was responsive and that the proposer was responsible. However, on November 18, 2008, the proposer, Clear Channel, indicated that they were unable to carry out the terms of their proposal but would be able to continue performing the services under the current contract.

The Bus Stop Shelter Program requires a significant capital investment to be made by the licensee, which is paid for by advertising revenue. The economy negatively impacted the amount of advertising revenue generated. The RFP permitted for the rejection of all proposals. On March 3, 2009, the Board approved the rejection of all proposals received on October 6, 2008.

Public Works will not be issuing a new RFP at this time due to the current economic climate, which has negatively impacted the advertising business. Public Works seeks to extend the current contract for 24 months on a month-to-month basis and will consider pursuing a replacement contract for this within the next two years.

**ENVIRONMENTAL DOCUMENTATION**

This project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Section 15302(b) of the CEQA guidelines and Class 2(a) of the Environmental Reporting Procedures and Guidelines adopted by the Board on November 17, 1987. This exemption provides for the replacement of structures with a new structure of substantially the same size and purpose.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The amendment to Agreement No. 63885 will enable Clear Channel to continue maintaining all advertising bus stop shelters installed in accordance with the agreement.

**CONCLUSION**

Please return one adopted copy of this letter to the Public Works Programs Development Division.

Respectfully submitted,

A handwritten signature in cursive script that reads "Gail Farber".

GAIL FARBER  
Director

GF:SA:yr

c: Assessor  
Chief Executive Office  
County Counsel  
Executive Office  
Treasurer and Tax Collector